

This record is a partial extract of the original cable. The full text of the original cable is not available.

UNCLAS SECTION 01 OF 02 BAGHDAD 005073

SIPDIS

E.O. 12958: N/A

TAGS: [EPET](#) [ENRG](#) [ECON](#) [PGOV](#) [PINS](#) [IZ](#)

SUBJECT: LIMITED DEMONSTRATIONS IN SOUTH AGAINST FUEL PRICE

INCREASES: BAGHDAD AND THE NORTH QUIET

REF: A. A) BAGHDAD 5039

[1](#)B. B) HILLAH 381

[1](#)1. (SBU) SUMMARY: Governorate officials in several southern provinces reacted very negatively to the fuel price increases of December 18. While the price increases appear to be accepted in the northern provinces, minor demonstrations, especially by taxi and truck drivers, were reported in the southern regional cities of Iraq. We have no reports of major protests in Baghdad. END SUMMARY

[1](#)2. (SBU) The GOI initiated fuel price increases across Iraq on December 18 (Ref A). On December 18 and 19, demonstrations were reported in several governorates according to the Ministry of Finance. None of the demonstrations were violent. The size of the demonstrations ranged from 20 to 600 people, primarily taxi and truck drivers who are most directly affected by the price increases.

[1](#)3. (SBU) On December 19, Dr. Muhammed Al-Aboudi, the Director General for Distribution for the Ministry of Oil (MOO) appeared on Iraqi television to explain the reasons for the price increases. He reportedly was used as the ministry spokesman reportedly because the Minister of Oil and other more senior members did not want to be associated with the price increase during political discussions involved in the formation of the new government after national elections December 15. Minister of Oil Bahr Ulom has publicly distanced himself from the price increases, and the newspapers quote him as saying he would resign if the prices were not rolled back. We do not know if the reports are true.

-----  
SOUTH  
-----

[1](#)4. (SBU) Small demonstrations on December 19 in multiple cities saw crowds numbering in the hundreds, but not thousands. In Maysan province, approximately 100 people demonstrated peacefully in front of the Pink Palace in the center of Amara, resulting in the move of the PRDC meeting to Camp Abu Naji, according to British embassy sources. Several hundred people demonstrated in the Basrah Al-Qarmah neighborhood as shown on Al-Arabiya television station in Basrah, with the police reportedly breaking up that demonstration. Elsewhere in Basrah, MNF-I PJCC reported three small demonstrations, one with about 50 people, and the other two with 75-100 people. All demonstrations ended peacefully.

-----  
NORTH  
-----

[1](#)5. (SBU) In northern Iraq, no demonstrations have been reported, though there is some dissatisfaction reported. A Kirkuk Provincial Council member complained publicly about the price increases. In Tikrit a demonstration was rumored, but may not have occurred according to the State Department representative on the ground. Dr Radhwan, Director of Finance at the MOO, told us, "the Northern portion of Iraq has accepted the new price increases, but one or two provinces in the South were complaining about the price increase for gasoline". He also stated that the Prime Minister and Oil Minister might be talking about reducing the fuel price for gasoline. Radhwan hopes they will stay firm on the new prices, but just in case, he will have a proposal to reduce the price of gasoline to a price acceptable to the IMF.

[1](#)6. (SBU) The GOI, as reported to us by multiple sources from the Prime Minister's office, will brief five people from each governorate on Wednesday, December 21 on the price increases. The three governors in Al Muthanna, Karbala, and Al Qadisiyah Provinces reportedly are reacting strongly against the price increases, according to MNF-I reporting. Two of the governors made threats to the local Ministry of Oil officials and ordered that the prices be reduced. The Ministry of Oil officials reportedly stood firm, stating they would only take directions from the Ministry of Oil.

[1](#)7. (SBU) COMMENT: Embassy understands that the GOI may have some small room for maneuver in the matter of price hikes. Apparently, the price increase for regular gasoline was slightly above the minimum mandated by the IMF. Hence, we

would expect any "conciliatory" move to meet street protests to be for that fuel. To date, however, demonstrations do not appear significant enough to push the government to change the present course. END COMMENT  
KHALILZAD